Temporary differences and carryforwards which gave rise to deferred tax assets and liabilities at December 31, 1996 and 1995 were as follows:

(Dollars in Millions)	1996 Deferred Tax Assets	1996 Deferred Tax Liabilities	1995 Deferred Tax Assets	1995 Deferred Tax Liabilities
Postretirement benefits other than pensions	$ 763.6	$ -	$ 704.9	$ -
Profits on long-term contracts	370.7	142.3	384.5	203.5
Leveraged leases	119.6	-	74.9	-
Employee benefit programs	148.9	387.8	185.2	393.3
Depreciation	-	496.2	-	479.5
Special provision for restructuring	29.0	-	56.4	-
Other	313.2	251.6	445.2	220.3
Subtotal	1,745.0	1,277.9	1,851.1	1,296.6
Valuation allowance	(33.6)	-	(22.8)	-
Total deferred taxes	$1,711.4	$1,277.9	$1,828.3	$1,296.6

Provision has been made for U.S. Federal income taxes to be paid on that portion of the undistributed earnings of foreign subsidiaries that has not been deemed permanently reinvested. At December 31, 1996 and 1995, undistributed earnings of foreign subsidiaries amounted to approximately $462.3 million and $397.4 million, respectively. Repatriation of all accumulated foreign earnings would have resulted in tax liabilities of $122.6 million and $110.3 million, respectively, for which Hughes has provided deferred tax liabilities of $93.4 million and $82.8 million, respectively.

At December 31, 1996, Hughes had $73.6 million of foreign operating loss carryforwards which expire in varying amounts between 1997 and 2001. The valuation allowance includes a provision for all of the foreign operating loss carryforwards. In addition, Hughes had $19.6 million of capital loss carryforwards, of which $12.3 million will expire in 1998 and $7.3 million will expire in 2000. No valuation allowance has been provided for the capital loss carryforwards.

NOTE 7: EARNINGS ATTRIBUTABLE TO GENERAL MOTORS CLASS H COMMON STOCK ON A PER SHARE BASIS AND AVAILABLE SEPARATE CONSOLIDATED NET INCOME

Earnings attributable to General Motors Class H common stock on a per share basis have been determined based on the relative amounts available for the payment of dividends to holders of the GM Class H common stock. Holders of GM Class H common stock have no direct rights in the equity or assets of Hughes, but rather have rights in the equity and assets of GM (which includes 100% of the stock of Hughes).

Dividends on the GM Class H common stock are declared by GM's Board of Directors out of the Available Separate Consolidated Net Income of Hughes earned since the acquisition of Hughes Aircraft Company by GM. The Available Separate Consolidated Net Income of Hughes is determined quarterly and is equal to the separate consolidated net income of Hughes, excluding the effects of GM purchase accounting adjustments arising from the acquisition of Hughes Aircraft Company (Earnings Used for Computation of Available Separate Consolidated Net Income), multiplied by a fraction, the numerator of which is a number equal to the weighted-average number of shares of GM Class H common stock outstanding during the period and the denominator of which was 399.9 million during the fourth quarters of 1996, 1995, and 1994.

The denominator used in determining the Available Separate Consolidated Net Income of Hughes is adjusted as deemed appropriate by the GM Board of Directors to reflect subdivisions or combinations of the GM Class H common stock and to reflect certain transfers of capital to or from Hughes. The GM Board's discretion to make such adjustments is limited by criteria set forth in GM's Certificate of Incorporation. In this regard, the GM Board has generally caused the denominator to decrease as shares are purchased by Hughes, and to increase as such shares are used, at Hughes expense, for Hughes employee benefit plans or acquisitions.

Dividends may be paid on GM Class H common stock only when, as, and if declared by the GM Board of Directors in its sole discretion. The current policy of the GM Board with respect to GM Class H common stock is to pay cash dividends approximately equal to 35% of the Available Separate Consolidated Net Income of Hughes for the prior year. Notwithstanding the current dividend policy, the dividends paid on the GM Class H common stock during 1996, 1995, and 1994 were based on an annual rate higher than 35% of the Available Separate Consolidated Net Income of Hughes for the preceding year.

NOTE 8: PROPERTY - NET

(Dollars in Millions)	Estimated Useful Lives (Years)	December 31, 1996	1995
Land and improvements	10-40	$ 187.6	$ 189.7
Buildings and unamortized leasehold improvements	5-45	1,361.5	1,293.3
Machinery and equipment	3-13	3,140.3	2,874.2
Furniture, fixtures, and office machines	5-15	139.1	118.3
Construction in progress	-	348.5	439.9
Total		5,177.0	4,915.4
Less accumulated depreciation		2,378.1	2,244.2
Net real estate, plants, and equipment		2,798.9	2,671.2
Special tools - less amortization	3	87.7	68.0
Property - net		$2,886.6	$2,739.2

NOTE 9: NOTES AND LOANS PAYABLE AND LONG-TERM DEBT AND CAPITALIZED LEASES

	December 31,	
(Dollars in Millions)	1996	1995
Loans payable to banks	$ 10.2	$ 15.1
Current portion of long-term debt	151.4	7.2
Current portion of GM term loans	58.8	85.0
Other	27.7	325.2
Total notes and loans payable	$248.1	$432.5

Foreign bank debt	$ 27.1	$ 53.8
Term loans		
GM	58.8	143.8
Other	150.0	150.0
Other debt	-	2.9
Total	235.9	350.5
Less current portion	210.2	92.2
Long-term debt	25.7	258.3
Capitalized leases	8.8	.5
Total long-term debt and capitalized leases	$ 34.5	$258.8

At December 31, 1996, Hughes had $550.0 million and $650.0 million of unused credit available under short-term lines of credit and an unsecured revolving credit loan agreement, respectively. The unsecured revolving credit loan agreement provides for a commitment of $650.0 million through January 2000, subject to a facility fee of 0.10% per annum. Borrowings under the agreement bear interest at a rate which approximates the London Interbank Offered Rate plus 0.175%. No amounts were outstanding under the agreement or the short-term lines of credit at December 31, 1996.

At December 31, 1996, foreign bank debt included $27.1 million denominated in British pounds sterling, bearing interest at rates ranging from 5.9% to 7.1% with maturity dates from 1997 to 2003.

The GM term loan bears interest at 6.1% with a maturity date in 1997. The other term loans consisted of notes payable to an insurance company bearing interest at rates ranging from 7.7% to 8.0% with maturity dates in 1997.

Other notes and loans payable for 1995 included $302.7 million related to the acquisition of Magnavox Electronic Systems Company (see Note 13). The note, which bore interest at 5.3%, was repaid in full on January 5, 1996.

Annual maturities of long-term debt and capitalized leases are $210.2 million in 1997, $2.4 million in 1998, $2.5 million in 1999, $2.8 million in 2000, $3.1 million in 2001, and $23.7 million thereafter.

Property with a net book value of $14.8 million at December 31, 1996 was pledged as collateral under such debt.

NOTE 10: ACCRUED LIABILITIES

(Dollars in Millions)	December 31, 1996	1995
Payroll and other compensation	$ 671.3	$ 553.2
Provision for losses on contracts	356.3	408.4
Accrual for restructuring	32.9	115.9
Other	965.3	968.8
Total	$ 2,025.8	$ 2,046.3

Certain amounts for 1995 have been reclassified to conform with 1996 classifications.

NOTE 11: STOCKHOLDER'S EQUITY

The authorized capital stock of Hughes consists of 1,000 shares of $0.10 par value common stock. At December 31, 1996, 1995, and 1994, 1,000 shares having an aggregate par value of $100 were issued and outstanding. All of the outstanding capital stock of Hughes is held by General Motors.

(Dollars in Millions)	1996	1995	1994
Capital stock and additional paid-in capital			
Balance at beginning of the year	$ 6,338.1	$ 6,326.5	$ 6,323.1
Tax benefit from exercise of GM Class H common stock options	9.1	11.6	3.4
Balance at end of the year	$ 6,347.2	$ 6,338.1	$ 6,326.5
Net income retained for use in the business			
Balance at beginning of the year	$ 2,323.9	$ 1,743.6	$ 1,138.2
Net income	1,028.9	948.3	925.4
Cash dividends paid to General Motors	(384.0)	(368.0)	(320.0)
Balance at end of the year	$ 2,968.8	$ 2,323.9	$ 1,743.6
Minimum pension liability adjustment			
Balance at beginning of the year	$ (108.6)	$ (76.1)	$ (120.4)
Change during the year	(4.9)	(32.5)	44.3
Balance at end of the year	$ (113.5)	$ (108.6)	$ (76.1)
Accumulated foreign currency translation adjustments			
Balance at beginning of the year	$ (27.7)	$ (18.2)	$ (12.8)
Change during the year	5.1	(9.5)	(5.4)
Balance at end of the year	$ (22.6)	$ (27.7)	$ (18.2)

As sole stockholder of Hughes, GM is able to cause Hughes to pay cash dividends and make advances to or otherwise enter into transactions with GM as GM deems desirable and appropriate. GM reserves the right to cause Hughes to pay cash dividends to GM in such amounts as GM determines are desirable under the then prevailing facts and circumstances. Such amounts may be the same as, greater than, or less than the cash dividends paid by GM on its Class H common stock. There is no fixed relationship, on a per share or aggregate basis, between the cash dividends that may be paid by GM to holders of its Class H common stock and the cash dividends or other amounts that may be paid by Hughes to GM.

NOTE 12: SPECIAL PROVISION FOR RESTRUCTURING

In 1992, Hughes recorded a special restructuring charge of $1,237.0 million primarily attributable to redundant facilities and related employment costs. The special charge comprehended a reduction of Hughes' worldwide employment, a major facilities consolidation, and a reevaluation of certain business lines that no longer met Hughes' strategic objectives. Restructuring costs of $92.4 million, $208.8 million, and $228.3 million were charged against the reserve during 1996, 1995, and 1994, respectively. In addition, in 1994 the restructuring reserve was increased by $35.0 million primarily due to changes in the estimated loss on disposition of a subsidiary. The remaining liability at December 31, 1996 of $42.0 million relates primarily to reserves for excess facilities and other site consolidation costs. Approximately $40.7 million of this total will require future cash outflows. It is expected that these costs will be expended predominantly during the next year.

NOTE 13: ACQUISITIONS AND DIVESTITURES

In December 1996, Hughes announced that it had reached an agreement to acquire the Marine Systems Division of Alliant Techsystems, Inc. for $141.0 million in cash. The Marine Systems Division is a leader in lightweight torpedo manufacturing and the design and manufacturing of underwater surveillance, sonar and mine warfare systems. The acquisition was completed in the first quarter of 1997.

In September 1996, Hughes and PanAmSat Corporation entered into an agreement to merge their respective satellite services operations into a new publicly-held company. Hughes would contribute its Galaxy satellite services business in exchange for a 71.5% interest in the new company. Current PanAmSat stockholders would receive a 28.5% interest in the new company and $1.5 billion in cash. The source of the cash component of the consideration is expected to be new debt financing, which will be an obligation of the new company. PanAmSat is a leading provider of international satellite services. The transaction, which is contingent upon receiving certain regulatory approvals, is expected to close during the second quarter of 1997.

In March 1996, Hughes sold a 2.5% equity interest in DIRECTV, a wholly-owned subsidiary of Hughes, to AT&T for $137.5 million, with options to increase their ownership interest under certain conditions. The sale resulted in a $120.3 million pretax gain which is included in other income.

In February 1995, Hughes acquired substantially all of the assets of CAE-Link Corporation for $176.0 million in cash. CAE-Link is an established supplier of simulation, training, and technical services, primarily to the U.S. military and NASA. In December 1995, Hughes acquired all of the stock of Magnavox Electronic Systems Company (Magnavox) for $382.4 million, consisting of cash of $70.5 million, a note payable of $302.7 million, and estimated additional amounts to be paid of $9.2 million. Magnavox is a leading supplier of military tactical communications, electronic warfare, and command and control systems. In addition, Hughes acquired several other enterprises with operations that complement existing technological capabilities at aggregate purchase prices, paid in cash, of $28.7 million and $63.0 million in 1996 and 1995, respectively.

All acquisitions were accounted for using the purchase method of accounting. The operating results of the entities acquired were consolidated with those of Hughes from their respective acquisition dates. These acquisitions did not have a material impact on the operating results of Hughes. The purchase price of each acquisition was allocated to the net assets acquired, including intangible assets, based upon their estimated fair values at the dates of acquisition.

During 1995, Hughes divested several non-strategic enterprises generating aggregate proceeds of approximately $127.2 million and a net loss of approximately $8.2 million, which included the write-off of $30.1 million of purchase accounting adjustments related to GM's acquisition of Hughes Aircraft Company. Also in 1995, Hughes recorded a $46.0 million charge for the estimated loss on disposition of a business unit (including $6.0 million related to the write-off of GM purchase accounting adjustments) and completed the divestiture of Hughes LAN Systems, for which a pre-tax charge of $35.0 million was taken in 1994.

NOTE 14: DERIVATIVE FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Hughes is a party to financial instruments with off-balance sheet risk in the normal course of business to reduce its exposure to fluctuations in foreign exchange rates. The primary class of derivatives used by Hughes is foreign exchange-forward contracts. These instruments involve, to varying degrees, elements of credit risk in the event a counterparty should default and market risk as the instruments are subject to rate and price fluctuations. Credit risk is managed through the periodic monitoring and approval of financially sound counterparties. Market risk is mitigated because the derivatives are used to hedge underlying transactions. Cash receipts or payments on these contracts normally occur at maturity. Hughes holds derivatives only for purposes other than trading.

Foreign exchange-forward contracts are legal agreements between two parties to purchase and sell a foreign currency, for a price specified at the contract date, with delivery and settlement in the future. Hughes uses these agreements to hedge risk of changes in foreign currency exchange rates associated with certain firm commitments denominated in foreign currency.

The total notional amount of foreign exchange-forward contracts Hughes held at December 31, 1996 and 1995, was approximately $223 million and $289 million, respectively. Hughes' open contracts extend for periods averaging six months.

NOTE 15: FAIR VALUE OF FINANCIAL INSTRUMENTS

For notes and loans payable and long-term debt and capitalized leases, the estimated fair value (which approximates book value) was $283.2 million and $694.9 million at December 31, 1996 and 1995, respectively. Such fair value is based on the quoted market prices for similar issues or on the current rates offered to Hughes for debt of similar remaining maturities. The carrying value of debt with an original term of less than 90 days is assumed to approximate fair value.

The fair values of derivative financial instruments reflect the estimated amounts Hughes would receive or pay to terminate the contracts at the reporting date, which takes into account the current unrealized gains or losses on open contracts that are deferred and recognized when the offsetting gains and losses are recognized on the related hedged items. The fair value of foreign exchange-forward contracts is estimated based on foreign exchange rate quotes at the reporting date. At December 31, 1996 and 1995, the estimated fair value of open contracts, which were in a net gain position, was $4.5 million and $10.7 million, respectively.

For all financial instruments not described above, fair value approximates book value.

NOTE 16: SEGMENT REPORTING

Hughes operates within the field of modern high-technology electronics for use in Telecommunications and Space, Automotive Electronics, and Aerospace and Defense Systems business segments. The Telecommunications and Space segment includes satellite construction, ownership and operation, communication services, ground equipment, and direct-to-home satellite television entertainment services. Radios, controls for engines and transmissions, navigation and communication systems, monitors and sensors for air bags, controllers for anti-lock brakes, climate control, dashboard instrumentation, vehicle security electronics, and other automotive electronic products are included in the Automotive Electronics segment. The Aerospace and Defense Systems segment includes missile systems, command and control systems, torpedoes and sonar systems, electro-optical systems, airborne radar and communication systems, military training and simulation systems, air traffic control systems, information systems, and guidance and control systems. Intercompany transfers between segments are not material. Information concerning operations by business segment is shown below.

(Dollars in Millions)	Telecommunications and Space	Automotive Electronics	Aerospace and Defense Systems	Corporate and Other	Total
Revenues					
1996	$4,114.9	$5,350.8	$6,338.4	$113.8	$15,917.9
1995	3,092.7	5,561.3	5,945.4	172.4	14,771.8
1994	2,596.2	5,221.7	6,023.6	257.9	14,099.4
Operating Profit (Loss) (1)					
1996	$ 238.8	$ 654.0	$ 593.8	$ (14.6)	$ 1,472.0
1995	168.2	869.0	587.1	(80.4)	1,543.9
1994	250.0	794.8	562.7	(100.9)	1,506.6
Identifiable Assets at Year-End (2)					
1996	$4,874.7	$3,394.9	$7,544.7	$665.8	$16,480.1
1995	4,309.0	3,267.4	7,718.4	679.6	15,974.4
1994	3,727.8	3,429.8	6,712.0	980.9	14,850.5
Depreciation and Amortization (1)					
1996	$ 215.8	$ 195.9	$ 258.5	$ 12.4	$ 682.6
1995	199.3	151.4	232.9	27.5	611.1
1994	161.8	142.2	259.4	30.6	594.0
Capital Expenditures (3)					
1996	$ 449.8	$ 196.0	$ 171.1	$ 23.3	$ 840.2
1995	436.5	264.7	109.8	9.3	820.3
1994	399.3	166.4	159.5	21.1	746.3

Certain amounts for 1995 have been reclassified to conform with 1996 classifications.

(Note 16 continued)

(1) Includes purchase accounting adjustments associated with GM's purchase of Hughes Aircraft Company of $122.3 million in 1996 ($21.0 million, $100.9 million, and $0.4 million related to Telecommunications and Space, Aerospace and Defense Systems, and Corporate and Other, respectively), $123.4 million in 1995 ($21.0 million, $100.9 million, and $1.5 million related to Telecommunications and Space, Aerospace and Defense Systems, and Corporate and Other, respectively), and $123.8 million in 1994 ($21.0 million, $100.9 million, and $1.9 million related to Telecommunications and Space, Aerospace and Defense Systems, and Corporate and Other, respectively).

(2) Identifiable assets include the unamortized purchase accounting adjustments associated with the purchase of Hughes Aircraft Company as detailed below:

	Telecommunications & Space	Aerospace and Defense Systems	Corporate and Other	Total
1996	$ 468.0	$ 2,247.8	$ 7.7	$ 2,723.5
1995	489.0	2,348.7	8.1	2,845.8
1994	510.0	2,449.6	45.7	3,005.3

(3) Telecommunications and Space includes expenditures related to telecommunications and other equipment amounting to $187.9 million, $274.6 million, and $255.8 million in 1996, 1995, and 1994, respectively.

A reconciliation of operating profit shown on the preceding page to Income before Income Taxes shown in the Consolidated Statement of Income and Available Separate Consolidated Net Income follows:

(Dollars in Millions)	1996	1995	1994
Operating Profit	$1,472.0	$1,543.9	$1,506.6
Other Income - net	173.8	57.5	37.1
Interest Expense - net	(11.2)	(7.5)	(15.1)
Income before Income Taxes	$1,634.6	$1,593.9	$1,528.6

Export sales from the U.S. were as follows:

(Dollars in Millions)	1996	1995	1994
Africa	$ 42.2	$ 25.4	$ 25.8
Asia	1,168.1	948.9	758.2
Canada	721.3	861.8	876.3
Europe	1,296.8	929.4	678.6
Mexico	196.2	143.4	96.9
Other Latin America	115.5	76.0	90.3
Middle East	250.9	327.0	370.1
Total	$3,791.0	$3,311.9	$2,896.2

NOTE 17: COMMITMENTS AND CONTINGENCIES

Hughes signed agreements in 1995 and 1996 to procure commercial satellite launches, a significant number of which are expected to be used in connection with satellites ordered by outside customers. The agreements provide for launches beginning in 1998 and also contain options for additional launch vehicles. The total amount of the commitment, which is dependent upon the number of options exercised, market conditions, and other factors, could exceed $2 billion.

In December 1994, Hughes entered into an agreement with Computer Sciences Corporation (CSC) whereby CSC provides a significant amount of the non-automotive data processing services required by Hughes. Baseline service payments to CSC are expected to aggregate approximately $1.5 billion over the term of the eight-year agreement. The contract is cancelable by Hughes with substantial early termination penalties.

Minimum future commitments under operating leases having noncancelable lease terms in excess of one year, primarily for real property and satellite transponders, aggregating $2,552.5 million, are payable as follows: $274.8 million in 1997, $244.5 million in 1998, $265.9 million in 1999, $289.7 million in 2000, $208.8 million in 2001, and $1,268.8 million thereafter. Certain of these leases contain escalation clauses and renewal or purchase options. Rental expenses under operating leases were $279.4 million in 1996, $257.9 million in 1995, and $306.2 million in 1994.

Hughes has issued or is a party to various guarantees and letter of credit agreements totaling $813.4 million at December 31, 1996. In the Company's past experience, virtually no claims have been made against these financial instruments.

Hughes and its subsidiaries are subject to potential liability under government regulations and various claims and legal actions which are pending or may be asserted against them. The aggregate ultimate liability of Hughes and its subsidiaries under these government regulations, and under these claims and actions, was not determinable at December 31, 1996. In the opinion of management of Hughes, such liability is not expected to have a material adverse effect on Hughes' consolidated operations or financial position.

Hughes has maintained a suit against the U.S. Government since September 1973, regarding the Government's infringement and use of a Hughes patent (the "Williams Patent") covering "Velocity Control and Orientation of a Spin Stabilized Body," principally satellites. On June 17, 1994, the U.S. Court of Claims awarded Hughes damages of $114 million. Because Hughes believed that the record supported a higher royalty rate, it appealed that decision. The U.S. Government, contending that the award was too high, also appealed. On June 19, 1996, the Court of Appeals for the Federal Circuit affirmed the decision of the Court of Claims which awarded Hughes $114 million in damages, together with interest. The U.S. Government petitioned the Court of Appeals for the Federal Circuit for a rehearing. That petition was denied in October of 1996. The U.S. Government has filed a petition with the U.S. Supreme Court seeking certiorari. In the opinion of management of Hughes, there is a reasonable possibility that this matter could be resolved in the near term. While no amount has been recorded in the financial statements of Hughes to reflect the $114 million award, a resolution of this matter could result in a gain that would be material to the earnings of General Motors attributable to Class H common stock.

NOTE 18: SUBSEQUENT EVENT

On January 16, 1997, GM and Hughes announced a series of planned transactions that would impact the defense electronics, automotive electronics and telecommunications and space businesses of Hughes. The transactions would include:

- The tax-free spin-off, of 100% of the Hughes defense business, to holders of GM's $1-⅔ par value and Class H common stocks;
- The tax-free merger of the Hughes defense business with Raytheon Company (Raytheon) immediately following the spin-off, after which there would be outstanding two classes of Raytheon/Hughes defense common stock;

• The transfer of Delco Electronics (Delco), the automotive electronics subsidiary of Hughes, from Hughes to GM's Delphi Automotive Systems and a reallocation of the derivative interest in the earnings of Delco currently held by Class H common stockholders to holders of $1-⅔ par value common stock; and

• The recapitalization of Class H common stock into a tracking stock linked to the telecommunications and space business of Hughes. GM would continue to own 100% of Hughes, which would hold and operate its existing telecommunications and space business.

The distribution of stock in the Hughes defense business to holders of GM Class H and $1-⅔ par value common stock would be in a ratio that would be determined by GM's Board of Directors to be fair to both classes of stockholders and would reflect: (1) a pro rata spin-off of the Hughes defense business to holders of GM Class H and $1-⅔ par value Class H common stock; (2) a partial reallocation of the Hughes defense business from holders of GM $1-⅔ par value common stock to holders of Class H common stock in exchange for the derivative interest in the earnings of Delco currently held by the Class H stockholders; and (3) other effects and factors relating to the planned transactions. Such a distribution ratio will be set by GM's Board of Directors at a time closer to GM's distribution of the solicitation statement/prospectus pursuant to which GM stockholders will be asked to approve the transactions.

The planned transactions are subject to approval by holders of GM $1-⅔ par value and Class H common stock. In addition, the merger of the Hughes defense business with Raytheon, which is contingent upon the spin-off of the Hughes defense business, is subject to approval by the stockholders of Raytheon. The planned transactions also are subject to a variety of regulatory approvals and actions, including anti-trust clearance and receipt of rulings by the Internal Revenue Service that the spin-off of the Hughes defense business would be tax-free to GM and its stockholders.

The spin-off is not being proposed in a manner that would result in a recapitalization of Class H common stock into $1-⅔ par value common stock at a 120% exchange ratio, as currently provided for under certain circumstances in GM's Restated Certificate of Incorporation, as amended.

No assurances can be given that the above transactions will be completed; however, management of GM and Hughes and GM's Board of Directors expect to solicit stockholder approval during late 1997, after certain conditions are satisfied.

Selected Quarterly Data (Unaudited) (Dollars in Millions Except Per Share Amounts)

	1996 Quarters				1995 Quarters			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th
Revenues	$3,736.7	$4,062.5	$3,822.6	$4,296.1	$3,578.8	$3,723.6	$3,441.3	$4,028.1
Income before income taxes	$ 472.5	$ 448.3	$ 366.2	$ 347.6	$ 403.3	$ 436.3	$ 310.6	$ 443.7
Income taxes	191.4	172.3	144.7	97.3	165.4	178.8	121.6	179.8
Net income	$ 281.1	$ 276.0	$ 221.5	$ 250.3	$ 237.9	$ 257.5	$ 189.0	$ 263.9
Earnings used for computation of available separate consolidated net income	$ 311.7	$ 306.6	$ 252.0	$ 280.9	$ 268.9	$ 288.4	$ 256.1	$ 294.4
Average number of shares of General Motors Class H common stock outstanding (in millions)	97.4	98.2	98.8	99.3	94.2	95.4	95.9	96.5
Class H dividend base (in millions)	399.9	399.9	399.9	399.9	399.9	399.9	399.9	399.9
Available separate consolidated net income	$ 76.0	$ 75.2	$ 62.3	$ 69.8	$ 63.3	$ 68.8	$ 61.4	$ 71.1
Net earnings attributable to General Motors Class H common stock on a per share basis	$0.78	$0.77	$0.63	$0.70	$0.67	$0.72	$0.64	$0.74
Stock price range of General Motors Class H common stock								
High	$63.38	$68.25	$61.38	$59.25	$41.75	$41.63	$42.75	$50.00
Low	$45.00	$57.50	$53.13	$49.50	$33.25	$37.75	$39.13	$39.50

Selected Financial Data (Unaudited)

(Dollars in Millions Except Per Share Amounts)

	1996	1995	1994	1993	1992
Revenues	$15,917.9	$14,771.8	$14,099.4	$13,517.5	$12,297.1
Earnings (Loss) used for computation of available separate consolidated net income (loss)	$ 1,151.2	$ 1,107.8	$ 1,049.2	$ 921.6	$ (921.6)
Average number of shares of General Motors Class H common stock outstanding (in millions)	98.4	95.5	92.1	88.6	75.3
Class H dividend base (in millions)	399.9	399.9	399.9	399.9	399.9
Available separate consolidated net income (loss)	$ 283.3	$ 264.6	$ 241.6	$ 204.5	$ (142.3)
GM Class H cash dividends	$ 94.4	$ 87.9	$ 73.8	$ 64.1	$ 53.3
Dividend payout ratio (1)	35.7%	36.4%	36.0%	N/A	51.0%
Earnings (Loss) attributable to General Motors Class H common stock on a per share basis before cumulative effect of accounting changes	$2.88	$2.77	$2.70	$2.30	$(0.11)
Earnings (Loss) attributable to General Motors Class H common stock on a per share basis after cumulative effect of accounting changes	$2.88	$2.77	$2.62	$2.30	$(2.29)
Capital expenditures (2)	$ 840.2	$ 820.3	$ 746.3	$ 580.0	$ 558.5
Cash and cash equivalents	$ 1,161.3	$ 1,139.5	$ 1,501.8	$ 1,008.7	$ 702.7
Working capital	$ 2,879.4	$ 2,502.0	$ 2,695.5	$ 2,165.2	$ 1,692.4
Total assets	$16,480.1	$15,974.4	$14,850.5	$14,117.1	$14,209.2
Long-term debt and capitalized leases	$ 34.5	$ 258.8	$ 353.5	$ 416.8	$ 711.0
Return on equity* (3)	11.6%	11.5%	12.1%	11.3%	(13.9%)
Income (Loss) before interest and taxes as a percent of capitalization (4)	18.3%	18.7%	19.0%	18.0%	(2.3%)
Pre-tax return on total assets (5)	10.1%	10.3%	10.6%	9.7%	(1.8%)

* Includes unfavorable cumulative effect of accounting changes of $30.4 million in 1994 and $872.1 million in 1992.

(1) GM Class H cash dividends divided by available separate consolidated net income for the prior year.

(2) Includes expenditures related to telecommunications and other equipment amounting to $187.9 million, $274.6 million, $255.8 million, $131.1 million, and $101.6 million in 1996, 1995, 1994, 1993, and 1992, respectively.

(3) Net Income (Loss) divided by average stockholder's equity (General Motors' equity in its wholly-owned subsidiary, Hughes). Holders of GM Class H common stock have no direct rights in the equity or assets of Hughes, but rather have rights in the equity and assets of GM (which includes 100% of the stock of Hughes).

(4) Income (Loss) before interest and taxes divided by average stockholder's equity plus average debt.

(5) Income (Loss) before Income Taxes divided by average total assets.

GM Has Two Classes of Common Stock

This annual report is prepared for the benefit of holders of General Motors Corporation ("GM") Class H common stock. GM has two classes of common stock, Class H (ticker symbol GMH) and $1-2/3 par value (ticker symbol GM). Holders of Class H common stock have no direct rights in the equity or assets of Hughes Electronics Corporation (Hughes), but rather have rights in the equity and assets of GM, which includes 100 percent of the stock of Hughes. For purposes of determining the approximate earnings per share attributable to Class H common stock for financial reporting purposes, an investor may divide the quarterly Hughes earnings allocated to Class H common stock (the Available Separate Consolidated Net Income of Hughes) by the weighted-average number of shares of Class H common stock outstanding during such quarter. Earnings per share of GM $1-2/3 par value common stock are calculated on the consolidated earnings of GM excluding the aggregate earnings attributed to the outstanding shares of Class H common stock.

Class H is a GM Stock with Dividend Payments Linked to the Performance of Hughes

Class H common stock, which is issued by GM, is designed to provide holders with financial returns based on the performance of Hughes and not the performance of any other GM subsidiaries, divisions, or operations. The current dividend policy of the GM Board of Directors is to pay quarterly dividends on Class H common stock at an annual rate equal to approximately 35 percent of the Available Separate Consolidated Net Income of Hughes for the prior year as described herein. The Board may change dividend practices and policies with respect to Class H common stock, or any other class of GM common stock, at any time.

Earnings Attributable to Class H Stock are Not Affected by Hughes Aircraft Company Acquisition Intangibles

The Hughes Consolidated Statement of Income reflects amortization and adjustment of purchase accounting adjustments arising from GM's acquisition of Hughes Aircraft Company in 1985 of $122.3 million in 1996, $159.5 million in 1995 and $123.8 million in 1994. Also, $2.7 billion and $2.8 billion, respectively, of related unamortized intangible assets are included in the December 31, 1996 and 1995 Consolidated Balance Sheet. GM's Certificate of Incorporation provides that, in calculating the amount available for payment of dividends on Class H stock (which amount is also used to calculate the earnings attributable to Class H stock on a per share basis), amortization and adjustment of the excess purchase price for the acquisition of Hughes Aircraft Company will not be charged against the earnings of Hughes. For purposes of calculating the amounts available for payment of dividends on Class H stock and on the $1-2/3 par value stock, amortization and adjustment of such purchase accounting adjustments is charged against the amounts available for the payment of dividends on GM's $1-2/3 par value stock, not the Class H stock. This annual report also provides supplemental data that enables readers to review the financial performance of Hughes, excluding amortization and adjustment of GM purchase accounting adjustments related to Hughes Aircraft Company.

**Not a part of the Notes to Consolidated Financial Statements.

Board of Directors

C. Michael Armstrong
Chairman of the Board
and Chief Executive Officer
Hughes Electronics Corporation

Charles T. Fisher, III
Retired Chairman and President
NBD Bancorp Inc.
AUDIT COMMITTEE
EXECUTIVE COMPENSATION COMMITTEE

J. Michael Losh
Executive Vice President
and Chief Financial Officer
General Motors Corporation
AUDIT COMMITTEE

Charles H. Noski
Vice Chairman
and Chief Financial Officer
Hughes Electronics Corporation

Harry J. Pearce
Vice Chairman
General Motors Corporation

Edmund T. Pratt, Jr.
Chairman Emeritus
Pfizer Inc.
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Chief Executive Officer
and President
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Vice Chairman
Hughes Electronics Corporation

Thomas H. Wyman
Senior Advisor SBC Warburg Inc.
Former Chairman
of the Board, CBS Inc.
CHAIRMAN, AUDIT COMMITTEE
EXECUTIVE COMPENSATION COMMITTEE

Hughes Officers

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and Chief Executive Officer

Charles H. Noski
Vice Chairman
and Chief Financial Officer

Michael T. Smith
Vice Chairman

Steven D. Dorfman
Executive Vice President

John C. Weaver
Executive Vice President

Roxanne S. Austin
Senior Vice President,
Treasurer and Controller

Gareth C.C. Chang
Senior Vice President

John J. Higgins
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and General Counsel

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Senior Vice President

Ted G. Westerman
Senior Vice President

David R. Barclay
Vice President

Kenneth N. Heintz
Vice President

Calvin J. Kirby
Vice President

William D. Merritt
Vice President

Wanda K. Denson-Low
Secretary

GM Class H Common Stockholder Information

Market prices of General Motors Class H common stock ranged from $45.00 to $68.25 during calendar year 1996. The number of holders of record of GM Class H common stock as of December 31, 1996, was 247,782.

Transfer Agent and GM Class H Stock Registrar

Bank of Boston
c/o Boston Equiserve, L.P.
General Motors
Shareholder Services
P.O. Box 9254
Boston, Massachusetts
02205-9254
(800) 331-9922
http://www.equiserve.com

Independent Auditors

Deloitte & Touche LLP
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Los Angeles, California
90017-2472

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90080-0028
(310) 568-7868

Media Relations Department

Hughes Electronics Corporation
P.O. Box 80028
7200 Hughes Terrace
Los Angeles, California
90080-0028
(310) 568-6324

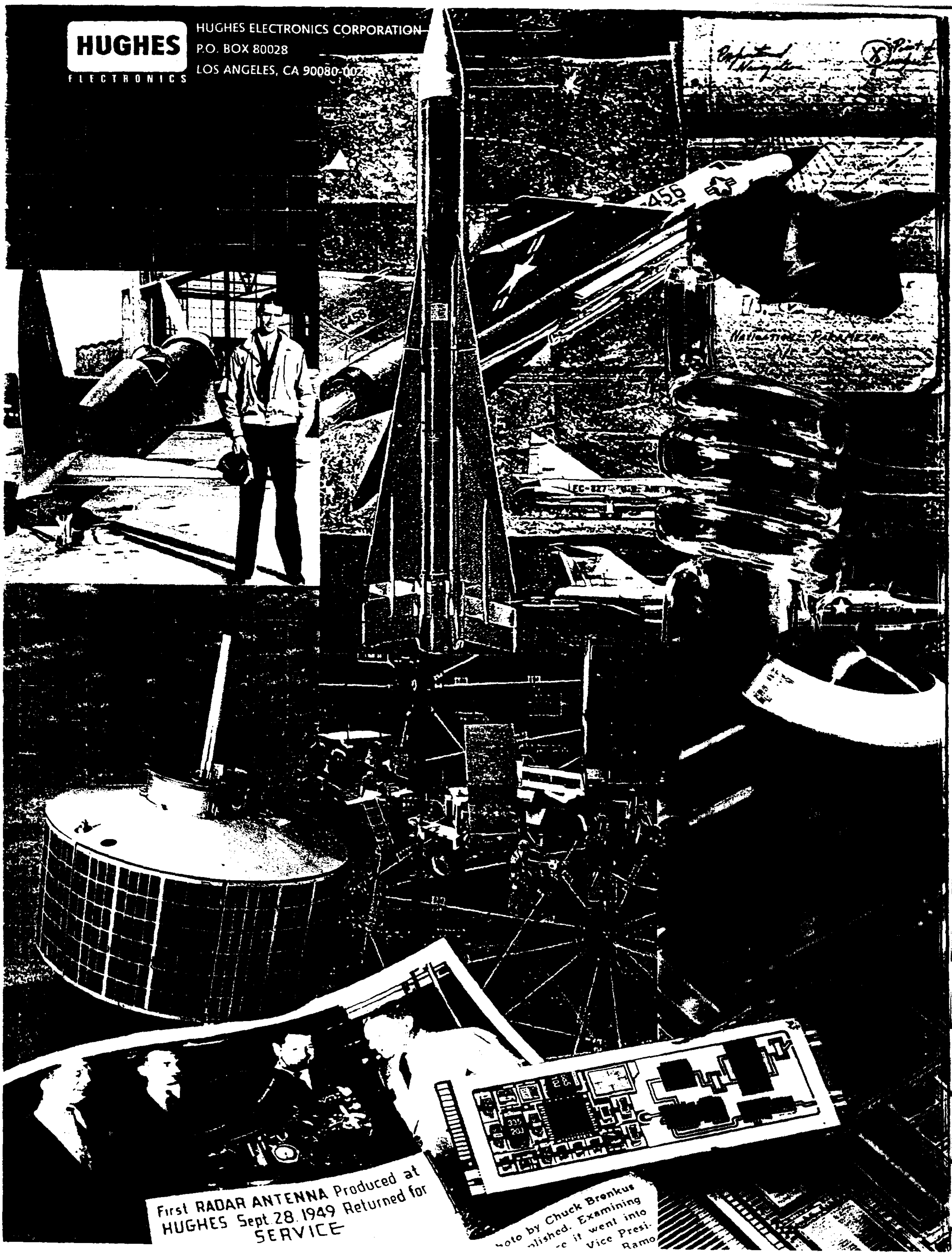
Stock Data

Ticker Symbol: GMH
Listed on the New York Stock Exchange.

Internet

View this Annual Report and other Hughes Electronics information on our World Wide Web site at http://www.hughes.com

THIS REPORT IS PRINTED IN ITS ENTIRETY ON RECYCLED PAPER


HUGHES
ELECTRONICS
HUGHES ELECTRONICS CORPORATION
P.O. BOX 80028
LOS ANGELES, CA 90080-002
456
First RADAR ANTENNA Produced at
HUGHES Sept. 28 1949 Returned for
SERVICE
hoto by Chuck Bronkus
plished. Examining
it went into
Vice Presi-
Ramo

DECLARATION OF SCOTT B. TOLLEFSEN

I, Scott B. Tollefsen, hereby declare under penalty of perjury that:

1. I am a Vice President of Hughes Communications, Inc.
2. The foregoing is a true and correct copy of the consolidated financial statement of Hughes Electronics Corporation (a parent company of Hughes Communications, Inc.) for the year ended December 31, 1996, including the report of Deloitte & Touche LLP, the company's independent certified public accountants, as published in the 1996 annual report of Hughes Electronics Corporation.

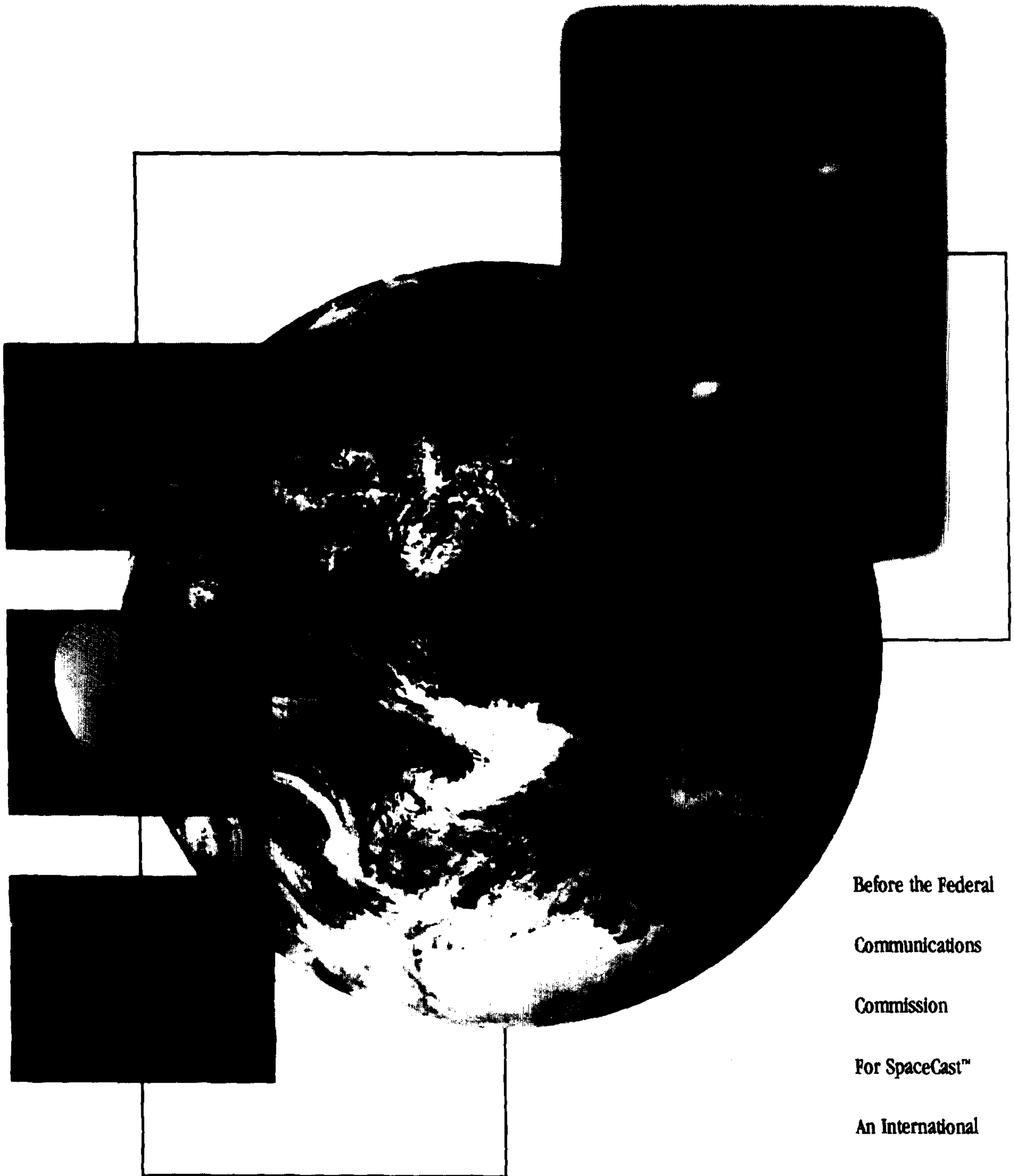
Scott B. Tollefsen

Scott B. Tollefsen

Dated: September 25, 1997

SPACECAST™
A HUGHES COMMUNICATIONS BUSINESS

Application of Hughes Communications, Inc.



Before the Federal Communications Commission

For SpaceCast™

An International Multimedia Satellite System

HUGHES COMMUNICATIONS
A HUGHES ELECTRONICS COMPANY

We Make Ideas Happen®

Before the

FEDERAL COMMUNICATIONS COMMISSION

Washington, D.C. 20554

Application of

HUGHES COMMUNICATIONS, INC.

for

Authority to Launch and Operate

SpaceCast™

An International Multimedia Satellite System

September 1997

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